

DPD-7622-59

10 November 1959

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 6 to Contract No. HF-20-80
with The Perkin-Elmer Corporation, Norwalk, Connecticut,
[] Project AIR FORCE.

1. This memorandum contains a recommendation submitted for approval of the Deputy Director (Plans). Such recommendation is contained in Paragraph 6.

2. Contract No. HF-20-80 provided for engineering and production of photographic and related ground support equipment for []. The contract is a fixed-price type subject to price redetermination and has a contract target price of [].

3. This Amendment No. 6 has been drawn to incorporate into the contract the final price determined by negotiations pursuant to the Price Redetermination Clause of the contract. The final redetermined contract price is [] and is comprised of the accepted costs and profit set forth in the attached recap. The amendment also adjusts the unit quantities stated in Items Nos. 12a., 34. and 34a. of the contract to correspond with the quantities delivered and accepted under these items.

4. The following requirements of the contract have been fulfilled: All items have been delivered and accepted, all GFP and residual inventories have been accounted for and disposition made thereof, and the reports on Royalties (Clause 26) and Patent Rights (Clause 32) have been submitted and accepted.

5. Contract No. HF-20-80 and Amendments Nos. 1 through 5 thereto obligated [] chargeable to "No Year" Air Force funds. This Amendment No. 6 decreases the funds allocated to the contract by \$3,976. This decrease is to be credited to "No Year" Air Force funds (FY 1958). Upon making final payment under the contract it is requested that the Comptroller, DPD, advise the undersigned thereof in order that records pertaining to the contract may be closed.

DOCUMENT NO.
NO CHANGE IN CLASS. X
CLASSIFIED
CLASS. NUMBER TO: TS S G 2011
EXPIRATION DATE:
DATE: 22 DEC 1981 REVIEWER: 064540

6. Approval of Amendment No. 6 to Contract No. HF-20-80 and execution thereof on behalf of the Agency by the authorized Contracting Officer is recommended.

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[Redacted]
Contracting Officer, DPD

CONCURRENCES:

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S/Sgt

[Redacted]
Comptroller, DPD

Date 11/12/59

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Jr

[Redacted]
Office of General Counsel

Date 11/13/59

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[Redacted]
Colonel, USAF
Acting Chief, DPD

Date 11/13/59

Recommendation in Paragraph
6 APPROVED:

SIGNED

RICHARD M. BISSELL, JR.
Deputy Director
(Plans)

Date 11/16/59

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DPD-DD/P [Redacted] ape
Distribution:
1-Contracts, DPD (HF-20-80)
✓ 1-Finance, DPD
1-A/CH/DPD
1-Chrono, DPD

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RECAP OF REPORT ON PRICE REINTERMINATION AUDIT OF CONTRACT NO.
HF-20-80 AND CONTRACTING OFFICER'S COMMENTS

Material

The Contractor claimed \$942,052 for material costs. Of this cost, \$6,489 representing Subcontracting costs was questioned by the Auditor as not having Contracting Officer approval. The amount of \$6,489 of Subcontract costs has been reinstated as cost necessary for performance of the contract and is hereby approved after the fact. In view of the amounts involved, the Contractor will not be required to verify the Subcontractor's costs. The total amount of material cost claimed is approved.

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Other Direct Costs

The Contractor claimed \$10,555 for other direct costs. Of this cost, \$678 representing Travel Expenses was questioned by the Auditor in Schedules 2 and 3. The Contracting Officer concurs in the Auditor's findings except for the \$156 Subsistence Expense Charge in Schedule 3, which amount is hereby approved.

Total approved Other Direct Costs-----

Direct Labor

The Contractor claimed \$91,115 for direct labor costs. This cost was accepted by the Auditor and is approved under the contract-----

Overhead

The Contractor claimed \$105,380 for overhead costs. Of this cost, \$2,954 was questioned by the Auditor in Schedules 2 and 4. The Contracting Officer concurs in the Auditor's findings. Total approved Overhead-----

Total approved Manufacturing Cost-----

General and Administrative Expense

The Auditor questioned \$11,871 of G&A Expense claimed by the Contractor. Using the G&A Expense rates determined by the Auditor and applying them to the adjusted Mfg. costs bases, the following G&A Expense has been determined appropriate to the contract:

Mfg. Expense claimed for Year Ending 7/31/56 -
\$19,478, plus \$10.00 adjustment in Schedule 4,
X 16.64% G&A rate-----

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Mfg. Expense claimed for Year Ending
7/31/57 - [REDACTED]
(\$2,894 in Schedule 2, \$107 in Schedule 3 and \$70 in Schedule 4) X
15.73% G&A rate-----

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Mfg. Expense claimed for Year Ending
7/31/58 - \$96,936, less \$415 (\$375
in Schedule 5 and \$40 in Schedule 5)
X 18% G&A rate-----

TOTAL APPROVED G&A EXPENSE-----

Estimated Cost to Complete Work

The Contractor requests \$6,650 to complete the contract work as set forth in Exhibit B. Of this amount, the Auditor questioned \$193 as set forth in Schedule 7. The Contracting Officer concurs in the Auditor's findings and approves the following estimated costs for completion of work-----

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Total Approved Contract Cost-----

COMPUTATION OF FINAL CONTRACT PRICE AND PROFIT

Contract Target Price, Amendment No. 5-----
Less Adjustments in quantities of
Items Nos. 12a, 34, and 34a. in
contract per Contractor's letter
of 13 February 1959-----
Adjusted Contract Target Price-----

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By reason of the total Approved Contract Cost exceeding adjusted Contract Target Cost of [REDACTED] the revised contract price shall equal the contract target price in accordance with the provisions of Par.4(b) in SECTION L, PRICE REDETERMINATION, of the contract schedule.

Revised Contract Price-----
Less Total Approved Contract Costs-----
Profit-----